SFA PERFORMANCE MEASURES

The objective of the Common Origination and Disbursement (COD) Performance Model is to document the performance targets and indicators for COD. The model currently contains the definitions of metrics. These metrics were reviewed with the COD IPT on 8/1/00 for initial reaction and comments which have been incorporated into this document. From this point, select members of the COD IPT will form a workgroup to determine the methods of measurement, presentation, and communication in order to monitor the performance of each business capability. The approach for developing the model with the COD IPT and the model itself are provided below:

APPROACH FOR COD-IPT MEETING:

➢ **Why do we need performance measures?**
We need performance measures to tell us whether or not we are successful in meeting the goals we are defining for Common Origination and Disbursement (COD), as well as the goals defined overall for SFA (decrease costs, increase customer satisfaction, increase employee satisfaction). Further, we can use performance measures to benchmark our performance versus the best in business in order to pinpoint areas that need improvement. Finally, schools can use performance measures to assess their own operations that are directly related to origination and disbursement.

➢ **Steps we will take to develop performance measures:**
1. Identify COD Performance Goals (See Performance Measures Table): In this step we identify the key drivers, or goals, for implementing the new COD process. These goals are tied back to SFA's strategic vision and mission to provide consistency across the SFA organization.

2. Identify Performance Measures for each Performance Goal (See Performance Measures Table): There can be several performance measure tied to a performance goal. These indicators:

   • Help set performance goals in conjunction with vision, strategies, business plans, and budgets.
   • Provide a basis for action supporting processes.
   • Help to provide early recognition of potential problems, monitor progress relative to performance goals, identify improvements, and provide feedback.

   As with the performance goals, each performance measure should support the overall vision and align with the values and core competencies of SFA.

3. Determine specific number targets for each measure (TBD - See Performance Measures Table).

4. Baseline Current Performance where possible (TBD - See Performance Measures Table).

5. Determine Measurement Procedures (TBD - See Measurement Procedures Table):
   – Responsible Party

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- Frequency
- Presentation Format
- Confidential Indicator
- Audience
- Distribution Date
- Distribution Channel

6. Track Performance against Baseline (TBD - See Performance Tracking Table).

NOTE: At this point, we are only going to complete steps 1 and 2. Steps 3, 4, and 5 will be completed once agreement is reached on the goals and measures identified in steps 1 and 2, and a potential partner has been selected to help SFA develop and implement the COD process.

PERFORMANCE MODEL:

The performance model consists of the following tables: Performance Measures, Measurement Procedures, and Performance Tracking.

Performance Measures

The following section describes each column of the Performance Measurement table:

- SFA Objective – Identifies the strategic goal from which the performance measure follows. This relationship does not have to be a direct correlation and may actually tie in to one or more of the goals. However, each measure must be justified by its alignment with overall strategy, vision, and goals.

- COD Performance Goals (Critical Success Factors) – The goals that relate specifically to COD. These are the particular goals that can be tied back to the overall strategic goals of the SFA organization.

- COD Performance Measures – The measures that will be used to evaluate the success of the performance goals.

- Definition – Explanation of the performance measure.

- Target Measurement – The target levels that must be achieved for the goal to be considered successful.

- Baseline – The current level of the performance measure

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Performance Measures Table

SFA Objective	COD Performance Goals (Critical Success Factors)	COD Performance Measures	Definition	Target Measurement	Baseline	Stakeholder
Decrease Unit Cost by 19% by 2004 - from 5 Year Performance Plan	Lower cost per transaction[1]	$ cost per disbursement [budget/(Grants + DL +Campus-Based disbursements)	Total unit cost required to process each grant/loan (including administrative and disbursement expenses) from the time the loan/grant transactions are received until funds are disbursed.	TBD	TBD	Schools GM

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[1] May need to consider the unit cost for FFEL in this performance measure.

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SFA Objective	COD Performance Goals (Critical Success Factors)	COD Performance Measures	Definition	Target Measurement	Baseline	Stakeholder
Increase Customer Satisfaction (Michigan ACSI score from 63 to 74 by 2002) - from 5 Year Performance Plan	Improve access to information	All school interface functionality available on-line within 12 months	Having on-line functionality for COD will give schools increased access to information.	TBD	TBD	Schools GM
	Improve customer support	% of customers (schools) characterized as "very satisfied"	Level of customer (school) satisfaction as measured by polls, surveys, and other methods.	TBD	TBD	Schools GM
		# of schools that volunteer to be part of the year 2-3 group phased into COD	Indicates that schools who are already using COD are satisfied and word of mouth is convincing other schools to volunteer to convert to the COD process	TBD	TBD	Schools GM
	Improve accuracy of funds sent to schools (Right Funds)	Disbursement requests from a school vs. funds actually disbursed to the school	Measures if the funds requested by a school were actually disbursed to the school	TBD	TBD	Schools GM
	Increase system performance	Decrease cycle time to process transaction	Cycle time from request of funds to receipt of funds.	TBD	TBD	Schools GM

SFA Objective	COD Performance Goals (Critical Success Factors)	COD Performance Measures	Definition	Target Measurement	Baseline	Stakeholder
			Might also measure items that will affect cycle time (e.g. # of rejects)			
		Increase average throughput volume	May need to consider time involved in "hand-offs" to other systems	TBD	TBD	Schools GM
	Decrease Reconciliation effort	% of customers (schools) characterized as "very satisfied" with change in reconciliation effort	Level of customer (school) satisfaction as measured by polls, surveys, and other methods.	TBD	TBD	Schools GM
	Increase or maintain the lending portfolio	Suggested measures include $ value of lending portfolio, # of schools in the DL program, # of loans, # of borrowers	Indicates the schools' satisfaction with the COD process and therefore willingness to stay, convert to the DL program, or convert to FFEL program.	TBD	TBD	Schools GM

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SFA Objective	COD Performance Goals (Critical Success Factors)	COD Performance Measures	Definition	Target Measurement	Baseline	Stakeholder
Increase Employee Satisfaction (top 5 of all government agencies by 2002 as measured by OPM survey) - from 5 Year Performance Plan	Increase Employee Satisfaction	% of employees characterized as "very satisfied"	Level of employee satisfaction as measured by polls, surveys, and other methods.	TBD	TBD	Schools GM
	Simplify reconciliation effort	% of employees characterized as "very satisfied" that tools provide ease of use to perform this task, and that proper information is available to complete task	Level of employee satisfaction as measured by polls, surveys, and other methods.	TBD	TBD	Schools GM
	Improve access to information	TBD	TBD	TBD	TBD	Schools GM

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SFA Objective	COD Performance Goals (Critical Success Factors)	COD Performance Measures	Definition	Target Measurement	Baseline	Stakeholder
Increase Fiscal Integrity	Decrease amount of un-reconciled funds	$ and % of funds accounted for prior to disbursement date or within 30 days after disbursement date	These measures indicate whether funds advanced to schools have been accounted for in a defined timeframe.	TBD	TBD	Schools GM
		$ and # of audit or program review findings related to reconciliation	Decrease in these measures would indicate that reconciliation has improved under COD.	TBD	TBD	Schools GM
		Average time to close-out each Title IV program each year	Decrease in this measure would indicate that reconciliation has improved under COD.	TBD	TBD	Schools GM
	Decrease excess cash held at schools	$ amount of excess cash held at schools				
	Decrease # of unbooked disbursements	$ and # of disbursements made for loans that have not been booked				

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NOTES FOR PERFORMANCE MEASURES TABLE:

Additionally, we may want to consider measures for system integrity such as measuring system balancing (where 100% of all transactions are either processes each day or reasons identified for why a transaction was not processed), or the number of rejects between origination and servicing.

Measurement Procedures

The following section describes each column of the Measurement Procedures table:

- <u>COD Performance Measure</u> – Measure identified in the Performance Measures table.

- <u>Responsible Party</u> – Person(s) responsible for the measurement results.

- <u>Frequency of Updates</u> – How often the measurement results are produced.

- <u>Presentation Format</u> – How the measurement results are depicted and explained (e.g. graph and table).

- <u>Confidential Performance Indicator</u> – Indicates if the measurement results are for the eyes of its audience only.

- <u>Audience</u> – Person(s) who will review the measurement results.

- <u>Distribution Date</u> – Date on which the audience will receive the measurement results (e.g. 5 days after end of quarter).

- <u>Distribution Channels</u> – Method by which the measurement results will be given to the audience (e.g. email, company paper).

Measurement Procedures Table

Performance Measure	Responsible Party	Frequency of Updates	Presentation Format	Confidential Performance Indicator	Audience	Distribution Date	Distribution Channels

Date Updated 8/22/00

Performance Tracking

The Performance Tracking table is used to measure results over time to determine if the target performance level has been achieved for a performance measure.   The following section describes the first row and each column of the Performance Tracking table:

- Performance Measure – Measure identified in the Performance Measures table.

- Performance Measurement Date <Month/Year> – The month and year the result in the Current Performance column was recorded.

- Baseline Performance <Period> – Baseline performance measure and the date when this baseline was determined.

- Current Performance – Current performance measurement result.

- Target Performance – The target measurement result desired.

- Variance from Baseline – The difference between the Current Performance column and the Baseline Performance column.

- Variance from Target – The difference between the Current Performance column and the Target Performance column.

- Comments – Comments pertaining to the current performance and any variances.

Performance Tracking Table

Performance Measure: XXX						
Performance Measurement Date <Month/Year>	**Baseline Performance <Period>**	**Current Performance**	**Target Performance**	**Variance from Baseline**	**Variance from Target**	**Comments**

Date Updated 8/22/00